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UK LAMB TRADE BALANCE UPDATE

UK lamb imports for the four month period January-April 2015 totalled 41,001 tonnes, a 4.1 per cent increase on the corresponding period in 2014 when 39,376 tonnes of lamb were imported. The level of imports however was 2.5 per cent lower than the volume imported in the corresponding period in 2013.

Imports of lamb into the UK from the EU during the 2015 period totalled 3,074 tonnes compared to 4,610 tonnes in the 2014 period. This decline by 1,536 tonnes represents a 40 per cent decline in imports year on year. This fall in imports from the EU is primarily due to a decline in imports from ROI. In the first four months of 2015 1,619 tonnes of lamb were imported from ROI compared to 2,639 tonnes in the corresponding period in 2014.

Imports of lamb from the EU accounted for 12 per cent of total UK lamb imports during the period January-April 2014, however the reduction in the volume of total EU imports in the corresponding period in 2015 meant this share was reduced to 8 per cent. This is outlined in Figure 1.

While the volume of EU imports declined between 2014 and 2015 the level of imports from non-EU countries has increased. Lamb imports from New Zealand in the 2015 period totalled 31,931 tonnes compared to 28,465 tonnes in the 2014 period. This accounts for a 12 per cent increase year on year. The level of imports from New Zealand however is five per cent below the corresponding period in 2013 when 33,667 tonnes of lamb were imported.

The increase in the volume of New Zealand lamb entering the UK market between the 2014 and 2015 periods increased New Zealand's share of total UK lamb imports to 79 per cent in the 2015 period. This is similar to 2013 when New Zealand imports accounted for 81 per cent of total UK imports. In 2014 the volume of New Zealand lamb reaching the UK market was depressed due to production difficulties in New Zealand and increased demand for lamb from China and the Middle East. This resulted in New Zealand's share of total UK imports being reduced to 73 per cent during the 2014 period.

The other major exporter of lamb into the UK is Australia with 5,616 tonnes imported during January-April 2015. This was similar to year earlier levels when 5,736 tonnes were imported and account for approximately 15 per cent of total UK imports. This is an increase from the corresponding period in 2013 when 10 per cent of UK lamb imports were from Australia.

Exports

While imports of lamb into the UK have increased in the first four months of 2015 the volume of exports has declined. In the 2015 period a total of 25,479 tonnes of lamb were exported compared to 31,800 tonnes in the corresponding period in 2014. This accounts for a 19 per cent reduction year on year.

Exports of lamb from the UK to the EU during the first four months of 2015 totalled 24,063 tonnes and accounted for 93 per cent of total UK lamb exports. In the corresponding period in 2014 exports to the EU were fairly similar at 24,794 tonnes however these exports accounted for 78 per cent of total UK lamb exports. This indicates that the majority of the decline in UK lamb exports has been in markets beyond the EU.

In the first four months of 2015 1,687 tonnes of lamb were exported from the UK to non-EU countries compared to 7,006 tonnes in the corresponding period in 2014. This accounts for a 76 per cent decline year on year and has been driven primarily by a drop in exports to Hong Kong.

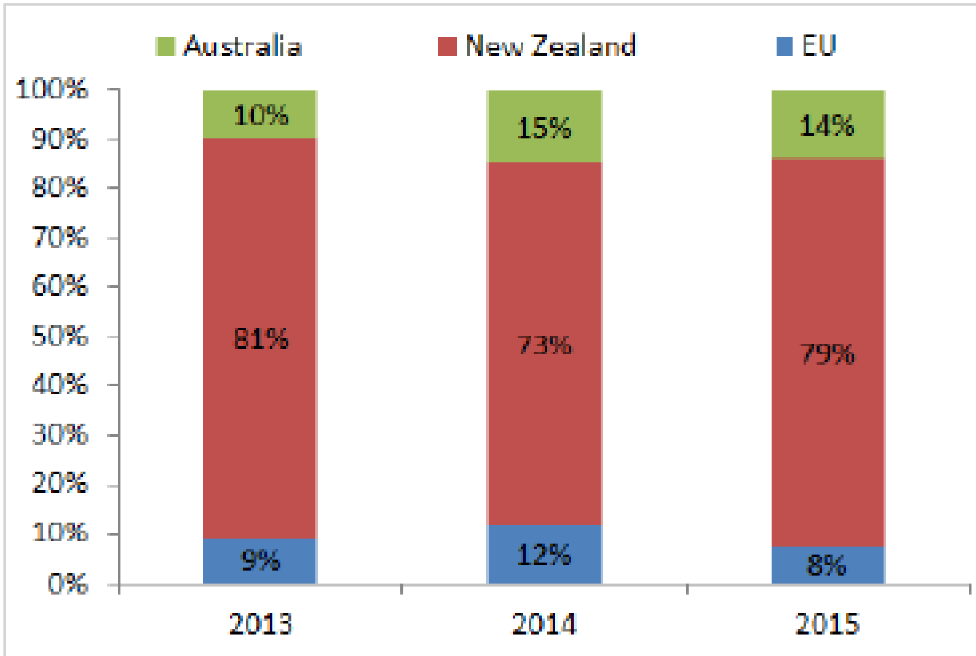
In the 2014 period 5,425 tonnes of lamb were exported from the UK to Hong Kong and in the same period in 2015 this was down to 1,020 tonnes which accounts for an 81 per cent reduction year on year. Until recently Hong Kong has acted as a gateway to China through the 'grey channel' but a tightening in border controls in China have all but closed this route.

The volume of UK lamb exports that were exported in whole carcases form during the first four months of 2015 totalled 16,423 tonnes and accounted for just under two thirds of total UK exports. This was similar to year earlier levels when 16,891 tonnes of lamb were exported in carcase form. The market for whole lamb carcases is predominantly within the EU with only very small volumes exported to non EU countries.

Meanwhile exports of lamb in the form of cuts has recorded a notable decline. In the 2015 period a total of 9,327 tonnes of lamb were exported from the UK in cut form compared to 14,909 tonnes in the corresponding period in 2014. This accounts for a 37 per cent decline year on year.

Much of the decline in the export of cuts was to non EU countries. In the 2014 period 6,620 tonnes of lamb cuts were exported from the UK to non EU countries and during the 2015 period this was reduced to 1,338 tonnes, accounting for an 80 per cent decline year on year. By comparison the volume of cuts exported from the UK to EU countries declined by 3.6 per cent year on year to 7,989 tonnes in the 2015 period.

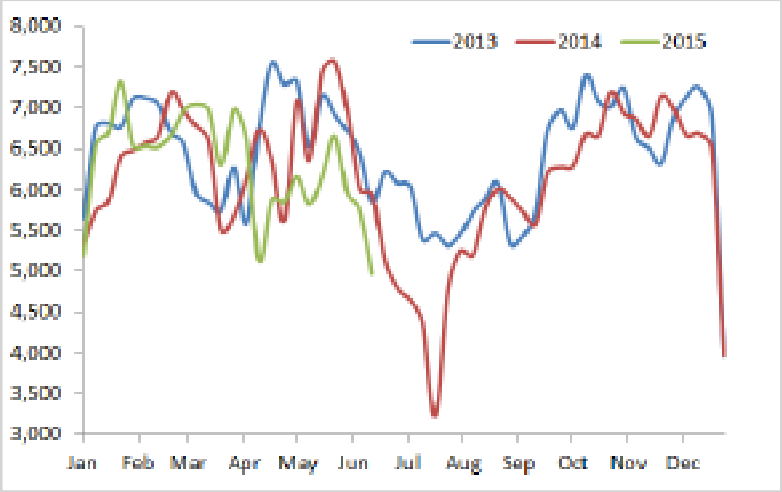
Figure 1: Source of lamb imports to the UK by percentage of total imports January-April 2013-2015



NI CATTLE QUOTES FIRM AS SUPPLIES TIGHTEN

THERE has been a strong increase in base quotes across the major NI plants this week with quotes for early next week expected to be in the region of 324-330p/kg. This is an increase from the 310-316p/kg being quoted for in spec U-3 grade prime cattle early last week. Reports from industry however have indicated that higher prices are available than quotes would suggest so producers are encouraged to negotiate with processors to ensure they get the best possible deal before presenting cattle for slaughter.

Figure 2: Prime cattle slaughterings in NI January 2013- June 2015



Throughputs of prime cattle have tightened in recent weeks and this will have been a key driver behind the increase in base quotes. With shed finished cattle coming to an end and grass fed cattle not yet appearing for slaughter in any significant numbers the processors have reported a tightening in availability with last week's prime cattle throughput totalling 4,970 head. This was the lowest weekly throughput for the year to date as indicated in Figure 2.

Prime cattle throughput is following a similar trend to last summer except the decline this year is a few weeks ahead of the corresponding period in 2014. With the improved weather in recent weeks silage cutting is in full swing across NI and producers are prioritising fieldwork over marketing cattle. This will also have impacted cattle availability for slaughter.

Similar trends in terms of cattle supplies are being reported in both ROI and GB which will also have been a factor in the recent improvement in the deadweight cattle trade in NI. In practice the price paid for prime cattle at point of slaughter is dictated by the supply of cattle and demand for beef. The recent warm weather has helped stimulate beef sales and this combined with the current tight supplies of cattle have resulted in increases in deadweight prices in NI. Prime cattle throughput for the six week period ending 14 June 2015 was 12 per cent lower than year earlier levels.

Decision making around the marketing of cattle has become much more challenging for producers and processors in the past three years. Volatility in market prices has been driven by many factors from supply and demand to currency and international political developments.

Despite the many challenges that producers and processors face in the marketing of cattle and beef the local industry continues to demonstrate its resilience, professionalism and focus on delivering exceptional customer service and satisfaction to consumers at home and abroad.

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 15/06/15	Next Week 22/06/15
Prime		
U-3	316-320p	324-330p
R-3	310-314p	318-324p
O+3	304-308p	312-318p
	Including bonus where applicable	
Cows		
O+3 & better	230 - 256p	230 - 266p
Steakers	140 - 170p	140 - 170p
Blues	120 - 130p	120 - 130p

Cow quotes vary depending on weight and grade.
Pricing policies vary from plant to plant. Producers are advised to check pricing policies before presenting cattle for slaughter.

REPORTED NI CATTLE PRICES - P/KG

W/E 13/06/15	Steers	Heifers	Young Bulls
U3	329.0	329.8	315.3
R3	327.5	325.1	308.6
O+3	316.4	318.6	300.7

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 13/06/15	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	146.4	156.7	162.6	190.5
P2	169.2	192.4	207.0	221.5
P3	-	210.1	229.5	233.2
O3	-	219.1	240.1	250.3
O4	153.2	204.0	252.4	252.7
R3	-	-	-	272.0

Deadweight Cattle Trade

QUOTES from the plants this week for U-3 grade prime cattle increased as the week progressed and ended the week at 324-330p/kg. Similar quotes are expected for early next week. Quotes for good quality O+3 grade cows this week generally ranged from 250-266p/kg.

Supplies of prime cattle for slaughter in NI have tightened in recent weeks with throughput last week the lowest for the year to date at 4,970 head. Prime cattle supplies in both GB and ROI have also tightened with deadweight prices increasing as a result in both regions. While prime cattle numbers have tightened in NI cow throughput has remained steady with 1,256 cows killed in NI plants last week. In the corresponding week in 2014 cow throughput in NI totalled 1,378 head.

Imports of prime cattle from ROI for direct slaughter in NI plants last week totalled 293 head with 96 cows also imported. Meanwhile exports of cattle from NI to ROI for direct slaughter were similar to the previous week with 44 prime cattle and 262 cows making the journey to ROI plants. With prime cattle supplies tight in NI there were no prime cattle exported from NI to GB for direct slaughter last week although the number exported each week has been very small during 2015 to date.

The average steer price in NI last week was 316.1p/kg, an increase of 4.8p/kg from the previous week. Meanwhile the R3 steer price increased by 6p/kg to 327.7p/kg. This increase recorded in the R3 steer price in NI followed seven consecutive weeks of decline. The average heifer price in NI last week increased by 4p/kg to 318.4p/kg while the R3 heifer price increased by 5.4p/kg to 325p/kg. This takes the R3 heifer price in NI back up to September 2014 levels.

In GB last week the average steer price increased by 5p/kg to 333.8p/kg while the R3 steer price increased by 4.5p/kg to 339.6p/kg. Strong increases of 5-9p/kg were recorded across all the GB regions with the exception of the Midlands where the R3 steer price was back by 1.6p/kg to 335.9p/kg. The average heifer price in GB last week was 336.4p/kg, an increase of 5.8p/kg from the 330.6p/kg paid the previous week. The R3 heifer price in GB last week increased by 5p/kg to 340p/kg with prices recording an increase in all of the GB regions.

The differential in R3 steer prices between NI and the GB average last week was 11.9p/kg which is the equivalent of £38 on a 320kg carcase. Meanwhile the differential in R3 heifer prices between NI and the GB average was 15p/kg or £48 on a 320kg carcase.

In ROI last week the R3 steer price was up by 3.4p/kg to the equivalent of 305p/kg while the R3 heifer price increased by 2.7p/kg to 312.4p/kg. The strong cow trade has continued in ROI with an O3 cow price last week the equivalent of 362.9p/kg. This was 3.7p/kg higher than the previous week and 14.4p/kg higher than the equivalent price in NI.

LAST WEEK'S DEADWEIGHT CATTLE PRICES (UK / ROI)

W/E 13/06/2015		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	329.5	313.1	350.8	345.4	345.4	347.6	347.3
	R3	327.7	305.0	345.3	335.9	340.6	334.7	339.6
	R4	324.5	305.7	346.4	349.2	338.3	332.0	343.7
	O3	307.8	292.6	326.8	323.3	309.9	308.8	317.5
	AVG	316.1	-	344.3	337.9	325.7	321.2	333.8
Heifers	U3	330.3	324.0	353.8	351.5	350.6	347.0	351.4
	R3	325.0	312.4	347.3	335.3	341.5	332.6	340.0
	R4	322.0	312.5	347.0	340.6	338.7	331.9	341.1
	O3	312.7	298.8	329.9	322.2	306.8	309.4	319.2
	AVG	318.4	-	345.8	339.2	328.8	321.2	336.4
Young Bulls	U3	314.8	308.1	348.4	327.6	339.7	339.2	337.9
	R3	308.9	301.5	341.5	317.2	325.2	325.1	325.4
	O3	291.4	286.4	302.6	284.6	296.5	302.4	293.0
	AVG	299.8	-	331.6	308.1	320.5	324.7	319.1
Prime Cattle Price Reported		4166	-	6851	6644	5541	3688	22724
Cows	O3	248.5	262.9	267.6	256.2	246.6	239.5	255.1
	O4	251.4	264.3	266.0	258.0	253.2	241.4	256.1
	P2	209.8	239.7	183.5	215.9	196.1	192.9	194.2
	P3	231.3	259.1	212.4	236.2	215.5	216.2	218.9
	AVG	235.1	-	251.1	240.1	217.2	215.3	232.4

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=72.93p Stg
(ii) Shading indicates a lower price than the previous week.
(iii) AVG is the average of all grades in the category, not just those listed

LATEST LIVEWEIGHT CATTLE MART PRICES NI

	1st QUALITY			2nd QUALITY		
W/E 13/06/15	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	196	214	205	175	195	185
Friesians	134	141	138	120	133	127
Heifers	181	208	193	155	180	168
Beef Cows	136	192	146	100	135	120
Dairy Cows	104	132	114	60	103	85
Store Cattle (p/kg)						
Bullocks up to 400kg	180	204	195	160	179	170
Bullocks 400kg - 500kg	195	201	198	150	194	172
Bullocks over 500kg	192	209	198	140	190	165
Heifers up to 450kg	188	213	200	155	187	170
Heifers over 450kg	194	204	200	148	193	170
Dropped Calves (£/head)						
Continental Bulls	310	350	340	200	308	250
Continental Heifers	235	305	280	130	230	180
Friesian Bulls	180	250	200	80	178	130
Holstein Bulls	100	200	150	25	98	50

SHEEP TRADE

SHEEP QUOTES		
(P/Kg DW)	This Week 15/06/15	Next Week 22/06/15
Lambs	350-370>21kg	350>21kg

REPORTED SHEEP PRICES			
(P/KG)	W/E 30/05/15	W/E 06/06/15	W/E 13/06/15
NI Lambs L/W	319.1	334.9	349.1
NI Lambs D/W	361.4	344.2	364.3
GB Lambs D/W	398.3	405.1	408.1
ROI D/W	360.6	356.4	370.2

Deadweight Sheep Trade

QUOTES from the plants this week for R3 grade lambs came back to 350p/kg as the week progressed. Weaker demand for lamb and stronger supplies coming forward for slaughter this week have been factors behind the decline in quotes. Throughput in the NI plants last week totalled 8,970 head, down 538 head from the previous week and notably lower than the 10,325 lambs killed in the corresponding week in 2014. A total of 3,661 sheep were exported from NI to ROI for direct slaughter last week. The average deadweight lamb price in NI last week was 364.3p/kg, up 20p/kg from the previous week. Meanwhile the lamb trade in ROI remained also improved with an average deadweight price of 370.2p/kg.

This Week's Marts

THE trade in the marts this week came under pressure as the week progressed with reports of reduced demand for lambs from ROI having a downward influence on the trade. On Monday a similar trade to the previous week in Kilrea saw 392 lambs sold from 342-370p/kg. However in Saintfield on Tuesday a quieter trade saw 701 lambs sold from 315-355p/kg compared to 486 lambs last week selling from 328-375p/kg. In Ballymena this week 1,053 lambs sold from 295-390p/kg (avg 310p/kg) compared to 505 lambs last week selling from 340-395p/kg (avg 354p/kg). Small numbers of cull ewes passed through the marts this week with top prices of over £100 in several of the marts.

LATEST SHEEP MARTS					
From: 13/06/15		Lambs (P/KG LW)			
To: 19/06/15		No	From	To	Avg
Saturday	Omagh	791	331	372	-
	Swatragh	763	308	353	-
Monday	Kilrea	392	342	370	-
	Massereene	810	325	355	-
Tuesday	Saintfield	701	315	355	-
	Rathfriland	1100	297	339	322
Wednesday	Ballymena	1053	295	390	310
	Enniskillen	413	304	325	319
	Markethill	910	290	318	-
	Armoy	225	290	325	315

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